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# AMERICAN MANAGEMENT REVIEW

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# AMERICAN MANAGEMENT REVIEW

*November, 1925*

## THE MEMBERS' FORUM

### The Broader Conception of Time and Motion Study

The measurement of past or current performances for the purpose of establishing production standards is often considered the only object of time and motion studies. Such a procedure may be of certain assistance in industrial analysis, but it does not discover "the great mass of laws governing the easiest and most productive movements of men." Indeed, the use of past performances as a basis for measurement of expected performance only covers up a multitude of industrial sins and has been the cause of mistrust and opposition.

There is hardly a plant which does not offer opportunities for general improvements, such as the installation of the best machinery and tools compatible with economy, the overhauling of existing machinery, the determination of its most effective feed and speed, the study of material, straight-line production, relocation of machinery and stock, elimination of false motions, fatigue and duplication of efforts, betterment of sanitation, ventilation, illumination, etc.

After the completion of this important work which may take several months, the stage is set for time and motion study. As conceived by many, it is a method to determine how much a worker can do in the shortest time. Many workers see in the time-study man a driver who, holding in one hand a stop watch, in the other a sheet of paper, sets down the time taken by each motion of the operation. This narrow and erroneous conception is, of course, based upon practices of those who have done a great deal of harm in the industries.

It should be stated with emphasis that the idea of time and motion study

for the establishment of production standards is not to determine the fastest speed of the fastest man, but the normal speed which the group can maintain continuously without harm to health and happiness.

The technique of taking time and motion studies has been developed during the last few years to an accurate science. The late Mr. Gilbreth emphasized the time and motion study as the means of determining "the one best way" in performing an operation, based his studies on the best worker available and determined the *ideal* time. His success was made possible only by the introduction of a unique and scientific method of measuring. Mr. Gilbreth discarded the stop-watch altogether and used an apparatus which consisted of a moving picture camera, a clock, slates with records and a background ruled into squares. The film showed the operation to be timed, the clock, the slates, the background and all surroundings.

The heated arguments in favor or disfavor of the stop-watch must not detract from the broader conception of time and motion study, which constitutes a method of industrial analysis, permitting the discovery of the most effective arrangement, combination and adaption in all departments of industrial life. In this broader sense, it is rather surprising that time and motion study appears to be limited to the shop of the metal industry. Textile, shoe, box making and other industries are just beginning to realize the tremendous value of job analysis and standardization through time and motion study. In reality, the application is unlimited as long as opportunities exist to eliminate waste of time and material, duplication of efforts, false motions, fatigue and inefficiencies.

A new field is opened to the time study engineer in the standardization of activities in construction work, offices, warehouses, jobbing houses and general business enterprises.

Contrary to the current opinion of executives that office operations do not lend themselves to standardization, incentive systems of wage compensation based on time and motion study standards have been in successful operation for a number of years.

The success of practical time and motion study does not depend only upon the technique and skill with which it is administered, but with equal force upon the art of putting its psychology into practice. The best time-study man is handicapped if the relations of management to workers are not marked by liberality and fair dealing. According to a well-known trade union leader, the opposition of organized labor to time study is not directed against the philosophy, but against the methods employed by unscrupulous executives.

In selling the principles of time and motion study to the entire plant, much opposition can be avoided by remembering that workers are human beings with intelligence, judgment and ideas. As a matter of fact, workers



have usually a very clear conception of a "fair day's work" and a fair rate, and their experiences should be consulted.

It can be readily seen that the time-study man should hold one of the most important positions in the organization. He reflects the policies and the attitude of the management. If he has a broad conception of his duties he will have the desire to be a servant to employer and employees. Most labor disputes hinge on wage questions and can be reduced only if the basis for setting the rates is correct, represents the truth, and is endorsed by the one who does the work and the one for whom the work is done. The modern time-study man understands human nature and is willing to stand for the truth under all circumstances. He believes in the highest principles of business ethics, integrity and honesty, and serves for the purpose to bring about better industrial relations.

WILLIAM BAUM, *President,*  
*William Baum & Company.*

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## Wastes in Trade Relations

An important step toward putting distribution on a more economical basis was the calling last winter by the Chamber of Commerce of the United States of a National Distribution Conference composed of representatives of manufacturing, wholesaling, retailing, agriculture, and other interests. This Conference resulted in the appointment of six committees to carry on research and make recommendations to a subsequent Distribution Conference, as follows: collection of statistics on distribution; trade relations; market analysis, advertising and advertising mediums; expenses of doing business; methods of distribution; general conditions affecting distribution.

Wastes in trade relations are many and various. I cannot attempt to enumerate them in so brief an article. Cancellations of orders, return of goods, unjustified delays in delivery of orders, substitutions of merchandise, are among the abuses in the relations of producers and distributors most frequently cited.

It has long been my conviction that the single largest cause for unethical practices which the producer visits on the distributor and vice versa is that there have grown up group attitudes of distrust and suspicion which keep manufacturers, wholesalers and retailers from frankly confiding to each other their problems and seeking co-operation in their adjustment.

The rapid growth and specialization of industry and commerce, both functionally and geographically, has served to widen the gap between producers and distributors. As a result, heads of concerns which do business together are only infrequently personally acquainted with each other. The

dealings between concerns for a large part are carried on by subordinates—buyers and salesmen. Much that is done in the way of trade abuse never comes to the ears of the principals in the business.

There is, I believe, one easy practical method by which the heads of businesses may be brought together and the atmosphere of group distrust displaced by one of confidence between groups. This is the setting up of a sort of clearing house for trade disputes. Within many trades arbitration machinery and other methods of improving trade relations are already established. It was particularly in the field of business dealings between distributors handling a variety of products, such as a department store, and the numerous trades with which they deal that we believed the greatest necessity for a clearing house existed. Such a clearing house was about to be established in 1923, under the name of the Joint Trade Relations Committee. For various reasons, it was finally decided not to push the matter at that time.

This organization was to be presided over by an Executive Council representative of producers and distributors, with a chairman who represented the public. We wanted to make sure that such important matters as would come up for decision through the clearing house would not be decided upon in a one-sided way, or against the public interest. Complaints of trade abuses would be sent to this clearing house. When several complaints had been presented against an individual concern, these would be brought to the attention of the head of the concern and he would be asked either to explain or to modify the practices objected to.

### Cooperation Between Producer and Distributor

It was our belief that such a body by its success in settling complaints and helping to abolish the causes of friction due to unethical trade practices would clear away the atmosphere of hostility between producer and distributor. With confidence re-established, producers and distributors would inevitably grasp at the opportunity to eliminate by co-operative action some of the major industrial wastes in the production-distribution system, such as irregularity in the flow of orders, leading to higher costs and to unemployment, an unnecessarily great number of varieties of similar merchandise, etc. These wastes largely arise because of the lack of accord between both sides. They can only be settled co-operatively. At present both producers and distributors have valuable information bearing on the causes of economic waste which they are afraid to entrust to each other. When this attitude is abolished, when each side has realized the mutual benefits to be derived from exchange of information and ideas, we shall be moving rapidly toward the control of waste in industry.

A. LINCOLN FILENE, *Vice-President and General Manager,*  
*Wm. Filene's Sons Company.*

## THE MANAGEMENT INDEX

### Abstracts and News Items

#### GENERAL MANAGEMENT

##### **The International Industrial Welfare and Personnel Congress, Holland, June 19-26, 1925**

The first International Industrial Welfare and Personnel Congress was held at Flushing, on the quaint island of Walcheren, Holland, from June 19 to 26, 1925. The 150 men and women present represented some 18 different countries, some coming even from as far as Japan, India, China and South Africa.

The Congress was the outcome of a conference held three years ago, when about 60 people from various countries met in France to discuss industrial welfare. This group felt the great need for some organized means through which the people in the different countries, who were actively interested in industrial welfare, could meet, discuss and exchange ideas on their problems in this field. An Interim Committee was appointed to organize the Congress and to draw up a Constitution for a permanent organization.

The tangible result of the Congress in Holland was the formation of the "International Association for the Study and Improvement of Relations and Conditions in Industry." It is organized on the basis of individual membership, and is open to employers, personnel workers, welfare workers, employees and others interested in the aims of the association. It is an attempt to include all points of view of those interested in general industrial welfare.

Miss K. Hesselgren, Chief Woman

Factory Inspector of Sweden and also member of the Upper House of Parliament, was elected president. She became well known to many Americans, when she visited this country several years ago. Mr. C. H. van der Leeuw, Partner of Messrs. de Erven de Wed. J. van Nelle, Holland, was elected first vice president. Permanent offices have been established at Zurich, Switzerland, with Brenda Voysey as Secretary. The administrative body is a council composed of two "reporters" from each country represented. Mr. Sam Lewisohn, Vice-President, Miami Copper Co., and Miss Mary Van Kleeck, of the Russell Sage Foundation, were designated as American representatives. The most important task of the council will be the organization of the 1928 Congress, and working out means of contact between the various countries.

So much for the new organization. But the keen enthusiasm for its coming into being was due in large measure to the interesting program and contacts made at this Congress. Not only by listening to papers and taking part in lively discussions in the Conference rooms, but perhaps even more by meeting and talking informally with people from other countries did those who had come long distances feel that it had been most worth while. Migrating from one national group to another—perhaps breakfasting with England, lunching with Japan, afternoon tea with Austria, dining with Belgium and taking after-dinner coffee with Sweden—gave one a

rare opportunity for exchanging information and discussing joint problems—an opportunity perhaps even better than a visit to their countries. The startling fact was that coming as we did from some 18 different countries and speaking as many different languages, we nevertheless were facing the same problems, and were developing similar ideals, methods and standards in industrial work.

The Congress dealt with general industrial welfare, included persons interested in the subject from many different angles—employers who are contributing through organized personnel methods, welfare plans and scientific management, efficiency engineers, personnel workers, factory inspectors, works' council representatives, persons interested in health in industry, education, psychology—in fact, almost every angle of human welfare in industry was represented. Representatives from the International Labor Office were also present.

The program included reports from each country on the status of general industrial welfare of the population, and the part that employers, legislation, unions and other organizations were taking in its improvement. Reports were also made on the opportunities in each country for training for personnel or welfare work, where such work has been developed as in England, the United States, France, Germany, Switzerland and other countries.

A few outstanding features deserve comment.

To a personnel worker, the reports upon the status and development of welfare work in the different countries were especially significant. For instance, in countries with high economic standards, whether developed through legislation or otherwise, there is a marked absence of the old type of welfare work by employers, as in the United States and Australia. Here, on the other hand, we find developing what is known by the American term "personnel work." In other words, "welfare work" within the plant represents a stage in the development of industrial wel-

fare, when the community itself has not yet assumed responsibility for certain minimum standards and requirements of human welfare in industry.

The report from Sweden illustrated some interesting developments, also referred to in reports from other countries. In regard to employee representation, collective bargaining exists in every industry in Sweden and no need has been felt for building up works' councils as in other countries. The government recognizes the value of special attention to the human factor in industry, and encourages the promotion of general industrial welfare by employers, trades unions, groups of workers, community centres, and factory inspectors. In fact, in both Sweden and England, the scope of work of factory inspectors is broadening from a purely police duty to one of advice and counsel on welfare matters for the employers and workers with whom they come in contact. This tendency was pointed out at the international meeting of factory inspectors held in Geneva in 1923, when they met from some 27 countries to discuss their work.

From China came an appeal, deeply felt by those who are trying to cope with the industrial problems of China, for a better understanding of the principles underlying welfare work, and the dangers of accepting the mechanics and machinery of its administration as the essentials of the work and leaving out the spirit.

Reports from European countries, as in the United States, showed an increasing tendency for welfare or personnel work within the establishment to concentrate upon matters relating more specifically to the job, and a gradual shifting to the community of social and educational activities, which employers, of necessity, have undertaken who were interested in the general welfare of their workers.

In Switzerland, Italy and elsewhere they have been developing organizations which render special welfare service within industry. For example, in Switzerland, the Volksdienst, supported mainly by em-



ployers, installs and operates restaurants, medical service, recreation rooms and other facilities for employers in various plants, while the plants maintain their own departments for employment and other personnel matters.

Among the papers most appreciated at the Congress was one by Mr. Ernst Hymans, an industrial engineer of Holland, on "Employment Management as a Condition of and Means to Efficiency." To many he opened a new understanding of what management can do fundamentally to promote human welfare through not only providing proper physical conditions but in the establishment of fair and just work methods and relations, independent of the prejudices and personalities of supervisors, haphazard methods, and the injustices of tradition.

Somewhat along the same line was a report by Miss May Smith, of the Industrial Fatigue Research Board of Great Britain, upon the influence of personalities of supervisors upon production—the bad effects of "tempēr" and idiosyncracies upon the working force, and a real need for a more careful selection of department heads.

Under the title of "Vocational Selection," Prof. Dr. Ing. A. Friedrich, of the Technical High School of Karlsruhe, Germany, made a valuable contribution to the subject of the philosophy of work and its relation to life. Here are a few quotations:

"Work is a natural means of expression."

"Too much work and too little work are both harmful. Either discourages a man's faith in his own ability."

"Men should not do things below their capacities."

"In choosing work, remember that work is for the man, not the man for the work."

"The novice must understand his work or he merely copies and this does not develop his powers."

"It is a duty to pass on one's experiences to others."

One session was given to the subject of

Employee Representation, when papers were presented by Miss Dorothy Cadbury, Director of Messrs. Cadbury Bros., Ltd., England; Herr Gustav Dabringhaus, of the Works' Council, "Betriebsrat, Krupp'sche Gusztahlfabrik, Essen, Germany, and Mr. Sam A. Lewisohn for the United States. Because the subject was presented from such different points of view, a most interesting discussion followed. It illustrated well the great value of a meeting like this, where a group of people, interested in the same fundamental problem, but working for its solution from many different angles and through widely different methods, can get together as individuals, to hear, explain and criticise the various aspects of their problem, really get each other's ideas and do some joint constructive thinking.

LOUISE C. ODENCRANTZ

### Piecework for Their Executives

One bonus plan has been devised whereby executives can feel that they are being paid according to individual results. Each one receives 25 per cent of his salary if he has kept his expenses, sales, loss from bad debts, or whatever he handles in their proper ratio according to the budget. Where he goes over the mark to a certain percentage, he gets a further bonus. This gives incentive and so far seems to be the best plan tried. By Johnson Heywood. *Business*, October, 1925, p. 15:3.

### How Simplification Benefits the Consumer

Nine groups of manufacturers have published a statement showing that standardization and elimination of waste is now saving them over \$293,000 a year. The consumer demands to know where he gets his share. Just now the profits are too new and uncertain to warrant appreciable reductions in price, but many facts indicate that eventually worthwhile reductions are assured. Already the quality of shot-gun shells and of wire fencing has been improved, in the latter, along with a decrease in retail price. The prices of hard-



ware, bedsprings, and chinaware have been lowered in some cases as much as 15 per cent.

That simplification is largely the cause of these lower prices and better qualities should be made known to the consumer, for his co-operation is necessary to make possible the continuance of this great saving to the manufacturers and eventually to himself. Washington Bureau of *Printers' Ink*, Sept. 24, 1925, p. 89:3.

### Men, Money, and Markets

Business seems as well balanced as it has been for a number of years: consumption of goods is the heaviest ever known, the level of employment and wages is steady, the agricultural situation is better than in five years, production and consumption are in balance and manufacturers are slow to overspeed, moreover, purchasers are not speculating. Money conditions are sound, but there is speculation in securities and in real estate. Then, there is mental speculation on business prospects. It is not wise to expect too much just now, for a general disappointment in the slow return of prosperity

might result in a display of caution that would check it before it gets a good start. Editor. *Management*, October, 1925, p. 36:3.

### Manufacturing Procedure Simplified

A complete cycle of orders and returns for both shop and office functions. By John R. Bangs. *Management in Manufacturing*, October, 1925, p. 213:4.

### Better Management Pays in Textiles

Improvements in production and sales methods resulted in large savings in a mill noted for good organization and its success in adopting progressive methods. This mill uses conveyors extensively and several of the references include changes in methods or processes affected by this method of handling. Detailed planning to co-ordinate production and sales is practiced, and the balance-of-stock record is an important element in this work. Management Methods in a hosiery mill are also outlined. By Sanford E. Thompson and Willard E. Freeland. *Management in Manufacturing*, October, 1925, p. 209:4.

## FINANCIAL MANAGEMENT

### Why the Banker Says "Yes"

Reasons why a large department store recently obtained five hundred thousand dollars on a promissory note to discount its bills. *System*, October, 1925, p. 425:3.

### The Bank With the Union Label

In dwelling upon the growth of labor banking, the observer should guard himself against the thought that in the number and size of the banks lies the most significant element in the movement. The fact is that up to the present the magnitude of labor banking, while respectable, is not particularly impressive. There are single banks in New York City that have more

money on deposit that is to be found in all the labor banks together. It is in the possible future development of labor banking, and in its effects, present and prospective, upon unionism, finance and industry, that we should look if we wish to find the real significance of the enterprise. By Edward S. Cowdrick. *Industrial Management*, Oct., 1925, p. 210:4.

### When Should an Old Company Borrow?

An old concern may need new financing for these eight purposes: 1. To refund or provide means of payment for maturing security issues. 2. To expand the business along the old lines. 3. To expand the business along new lines. 4. To buy out

other concerns or combine with them. 5. To change the type or term of already existing capital or liabilities. 6. To adjust conflicting ownership and creditor interests in case of reorganization. 7. To provide temporary working capital. 8. To change ownership or form of organization. *Five Minute Magazine*, September 16, 1925.

### Receiverships and Assignments

The results are given of a questionnaire to ascertain the attitude of trust companies located in different cities of the country as regards the advisability of assuming the responsibilities and duties that attach to receivership appointment. Notable success has been experienced where they have given special attention to developing facilities for rehabilitating financially embarrassed business concerns and in handling receiverships, although this latter is a business which is not relished, as it is nerve racking and sometimes leads into rather disagreeable situations. By George T. Petersen. *Trust Companies*, Sept., 1925, p. 287:4.

### Plans for Encouraging Paying Up of Policy Loans

A summary of replies to a questionnaire. Of the 79 companies reporting on this subject all but 13 have a more or less well organized plan for encouraging policyholders to "pay up" loans, which may be classified thus: 1. Various kinds of propaganda aiming to discourage the policyholder from borrowing on his policy; 2. Encouraging payments to apply on policy loans on the "partial payment" plan—amounts ranging as low as \$2.50—these amounts, however, to be paid not more often than once a month; 3. Use of the amortization form of loan note; 4. Encouraging the application of dividend checks to the paying of interest and principal on policy loans; 6. Personal contact between Branch Office Cashier and Agent with the policyholder. The practice of

companies using these methods is quoted, and a report on general results is included. Special Report No. 2. Life Office Management Association.

### Why We Should Loan Money Abroad

The Vice President of the National City Bank of New York states why he believes our loans to foreign countries have helped conditions at home, why money lending abroad is of interest not alone to bankers and money lenders, but to business men as well. By George E. Roberts. *Nation's Business*, October, 1925, p. 18:4.

### Business "Too Good"

"Business can be too good when it invites people to make their business commitments or their investments upon earnings that may be only temporary. With continued business activity there will be increased demands for money. The low rates for money in this country are immediately behind us and not in front of us. Money is the real key to the situation." As an instance of this the public has suddenly become aware of the sound values in the motor field. Large owners in motor stock are tempted to part with their shares at rising prices, and perhaps influencing the public to go into debt to buy them. C. W. Barron. *Barron's*, October 12, 1925, p. 5:½.

### Investment Trusts Plus

For many years there has been an institution available to investors similar to the investment trust. This is the stock fire insurance company. Net income is derived from two sources, underwriting profits and investment income. A large fire insurance company is in a position to increase stock holdings in a period of depression. Shareholders will probably benefit more from the gradual increase in the value of their holdings than from large cash disbursements. *Barron's*, October 12, 1925, p. 3:2.

## OFFICE MANAGEMENT

### Organization: *Job Analysis, Employment, Pay, Tests*

#### Part-time Employment

The practice of employing part-time workers is increasing in industry. The Secretary of Appointments at Columbia University said that out of 3,400 positions filled by students during the past year, approximately 3,200 were part-time. *Industrial News Survey*, October 19, 1925.

#### Types of Work

A practical test was made for the purpose of establishing the prognostic value of interest in types of work. Occupations were classified into the two large groups of (A) the humanics and (B) the mechanics. This work was carried out as the regular part of the counsel process in a vocational office in New York City. By Douglas Fryer. *The Journal of Applied Psychology*, Sept., 1925, p. 304:6¼.

#### Personality and Vocational Achievement

A discussion of those factors in a young man's character or personality which would suggest his ultimate vocational selection and at the same time yield valuable information concerning the traits essential to success in the various vocations which engineering college graduates enter. Attention is given to the activities of college

graduates along the lines of nature of work, writings, inventions and special honors, earned income, and miscellaneous activities. By George C. Brandenburg. *The Journal of Applied Psychology*, Sept., 1925, p. 281:11½.

#### A Method of Rating Employees for Promotion and Force Reduction

Essential characteristics of the Rating Plan are given together with a sample review blank and qualification chart. The procedure for rating employees is presented and the method of securing approval of retirements, promotions and transfers. By Warren G. Bailey. *Public Personnel Studies*, Sept., 1925, p. 246:6.

#### Welcoming the New Employee

Nothing affects the morale of a new worker more than that lost feeling of unimportance that comes when he is not welcomed into the large organization. Informal letters or booklets, besides the personal welcome of the personnel worker and an introduction to the one in charge of the new employee, give the needed recognition that develops initiative and morale. Editor, *Printers' Ink*, Oct. 15, 1925, p. 101:1.

### Administration: *Regulations, Supplies, Communications*

#### A Program for Improving Letters

Rules and suggestions for improving the letters written by the staff of any business concern. An analysis shows that eighty per cent of all customers receive their impressions either through contact with salesmen or by the letters they receive from the house. Every business house therefore should make a continuous effort to raise the standard of the letters sent out over its signature. The Dartnell Corporation, 1925. 12 pages.

#### Getting the Facts Across

Six essentials of effective reports, with observations as to why some of them fail to bring about desired action. By J. Eigelberner. *Industrial Management*, Oct., 1925, p. 214:4.

#### Centralizing the Purchase and Control of Supplies

Centralized purchase and control of supplies and equipment for the Guardian

Trust Company of Cleveland is a money saving factor in the operation of this institution. The working of this system is

given in detail. By Harry E. Martin. *The Bankers' Equipment Service Bulletin*, Sept., 1925, p. 8:2.

### Employee Service: *Health, Recreation, Lunch Rooms*

#### A Lunch Room Where Employees Can Cook Their Own Meals

The Edison Electric Illuminating Company provides a lunch room for its women employees which is equipped with the idea of letting them get their own lunches. Each girl has her own locker in which she keeps her cooking utensils and supplies. There are electrical appliances on one side of the room for cooking the food. Much time and effort was spent by the company officials and a committee of women employees in planning and furnishing this room and the adjoining rest room. *The Nation's Health*, Oct., 1925, p. 708:1/2.

#### Medicine and Industry

The functions of the Medical Department of the Chase National Bank are thus summarized: To examine the new applicants, to attend to injuries and ills occurring to the personnel, and when they are out and confined to their homes to establish contacts with the attending physician and co-operate with him. No applicant is admitted who does not come up to a certain standard of health. There is furthermore an annual physical examination, which, while voluntary, provides a check-up of health conditions. By Frank McLaury, M.D. *The Chase*, Sept., 1925, p. 239:3.

### Training and Education: *Schools, Libraries, Employee Publications*

#### Educational Opportunities Offered Staff Under Refund Plan

The National City Bank Club will assist club members of any age desiring to take vocational courses in outside educational institutions by refunding fifty per cent of the tuition fee to students who have been approved by the Educational Committee and have successfully completed such a course. The student must have been in the employ of the organization for at least one year. The refund

in no one year is to exceed \$50. Number Eight, Sept., 1925, p. 4:1.

#### Development of Financial and Banking Libraries

Marked progress in the development of financial library service for business men is shown as a result of the second nationwide survey of business and special libraries recently completed by the National Special Libraries Association. About sixty well equipped financial libraries are enumerated. *Trust Companies*, Sept., 1925.

### Benefit Systems and Incentives: *Pensions, Profit Sharing, Suggestions, Vacations, Stock Ownership*

#### Employees' Co-operative Buying

The employees' co-operative buying plan of the Commonwealth Edison Company is now capable of making very substantial savings for all employees on cash purchases. Arrangements are now in effect with about 100 manufacturers and dealers by which employees can buy goods for

cash at reduction from the regular price. Both necessities are included in the buying list, and savings in cost range from 10 to 40 per cent. The plan is administered by the employees' service division of the industrial relations department. Reliable dealers and manufacturers make these reductions on the ground that the advertis-

ing is done by the company and their selling expense is therefore practically eliminated. *The Edison Round Table*, Sept. 15, 1925.

### Employees

This year those employees of the Southwark National Bank who had been with the bank for seven years or more received an extra week in addition to the regular two weeks vacation.

The Bank also insures its employees after they have been in service for six months, starting at \$750 and increasing each year until the maximum of \$3,000 is attained.

To encourage its employees to travel during their vacation periods, the Board of Directors appropriates annually a fund to help meet the expenses of such trips as the employees may plan. *The Southwark*. Souvenir Number.

## Labor Relations: *Collective Bargaining, Employee Representation, Arbitration, Strikes*

### Strike of Bank Clerks in France Settled

A sort of banking unionism has been formed among the bank employees in France. A strike arose in the summer regarding the rate of wages paid. The employees asked for a collective agreement, some of the provisions of which are as follows: 1. Establishment of a "council of discipline" to consist of three representatives of the management and three representatives of the employees. 2. Regulations of hours of work. 3. Saturday half-holiday. 4. Leave. 5. Increases of salary, etc. 6. Sliding scale in accordance with variations in the cost of living index number. 7. Pensions. 8. Family allowances. 9. Maternity leave.

The strike came to an end in September, the majority of the banks having agreed to accept the above proposals. *Industrial Relations: Bloomfield's Labor Digest*, Oct. 10, 1925.

### Trade Unionism

A resolution was passed by the convention of the American Federation of Labor calling upon all labor and co-operative banks to organize their employees into existing or new unions of bank clerks. The resolution stated that: "No bank deserves the support of organized labor whose staff does not belong to the union of bank clerks." *Industrial News Survey*, Oct. 19, 1925.

## PRODUCTION MANAGEMENT

### General: *Promotion, Organization, Policy, Development*

### Aroused Executive Interest Aids Effective Production Control

Developing a clear understanding of control methods contributes to successful management in southern furniture plants. A list of topics discussed at foremen's weekly meetings is presented, and three essential Gantt charts are shown. Results from production control are outlined. By Charles F. Scribner. *Management in Manufacturing*, October, 1925, p. 217-4.

### How We Stabilized Production

The experience of the Hills Brothers Company in stabilizing production and bringing sales and advertising into closer relation with production is described here. This company has always had a seasonal problem to overcome. It was felt that the irregular production caused a tremendous waste in plant capacity and had a bad effect upon the wage workers. Therefore there was a new and drastic change in



company policy for the purpose of stabilizing production and regularizing employment.

The more progressive group in modern management of big corporations is not afraid of changes and is no longer satisfied with irregularity in personnel, production and profits. Seasonal unemployment is considered a preventable waste. Based on an interview by Roy Dickinson with Ernest G. Draper. *Printers' Ink Monthly*, Oct., 1925, p. 19:3.

### The Slaves of Modern Industry

Power and machinery in American industry, according to one estimate, are equivalent to more than three billion slaves. In spite of low labor costs abroad, American manufacturers are able to export large quantities of their products because of the employment of machinery and standardized methods of production. Machinery does not permanently deprive the workman of his livelihood, but eventually it raises his standard of living. Slaves could never do the work of the telephone, telegraph or any of the devices represented by modern speed. In Europe it is difficult

for a laborer to secure recognition for methods or devices that his inventiveness might originate. Therefore large volumes of American equipment are shipped abroad. By W. H. Rastall. *Iron Age*, Oct. 15, 1925, p. 1024:2.

### What Determines the Profits?

The factors that influence earnings of large and small rubber companies are discussed. Large companies seem to have a more accurate measuring stick on their executives than the smaller companies, yet they should not be regarded as fetishes of efficiency, as a glance within their plants often proves the fallacy of this belief. One of the smaller corporations has had a phenomenal success because of its selling policy, at the same time not stinting its workmen on materials used, and paying generous piece rates. A representative choice from the rubbers would be a company with a sound selling policy, a diversified line of merchandise, and one which gets the most out of its plant investment by running twenty-four hours a day. *Barron's*, Oct. 5, 1925, p. 8:1.

### Plant: Location, Lighting, Heating, Ventilation.

#### Harmful Dust, Gases and Fumes Are Industrial Menaces

The Deputy Commissioner of Labor, State of New Jersey, here discusses the dangers of dust and gases, preventive measures, and the development of these preventive measures in New Jersey. Now every factory has to send in definite engineering plans for ventilation apparatus before the installations are made. Engineering experts are now able to provide every industrial worker with a clean breathing atmosphere. By John Roach. *The Nation's Health*, Sept., 1925, p. 609:2½.

#### The Importance of Air Filtration in Certain Food Industries

The Merrell Soule Company, Syracuse, New York, has two methods of dust elimination. Careful tests show that they can

remove 99 9/10 per cent of the dust particles. In one kind, the air passes through screens made of layers of cotton. In the other, screens of fine steel wire carefully enameled are dipped into odorless non-volatile and non-drying mineral oil. The oil holds the dust. In these ways the purity of the powdered milk is guaranteed. By R. S. Fleming. *The Nation's Health*, Sept., 1925, p. 630:½.

#### More Effective Lighting

Better and more effective lighting does not always involve more lights, with increased installation costs. In one large shop the efficiency of the lighting system was very low because the lamps were hung too low, and were not shaded. Bulbs coated with a diffusing medium will obviate glare and soften harsh shadows. By Robert L. Zahour. *Factory*, Oct., 1925, p. 592:1¾.

## Industrial Economics: Labor and Capital, Legislation, Wage Theory, Immigration

### Labor Governments and the Social Revolution

Modern capitalism was born in England, the modern labor movement had its origin there, and it has been the scene of the most crucial conflicts between capital and labor. But the most illuminating experiments of all have been tried in Australia and New Zealand. The probable development of labor in other countries is dimly forecasted by a consideration of the experiences in these countries. The growth of labor parties in Australia and New Zealand has tended to bring the other parties closer together. Such a tendency is already perceptible in the United States, and in the United Kingdom it is very clear. By J. E. Le Rossignol. *The American Economic Review*, June, 1925, p. 267:8.

### Fact and Metaphysics in Economic Psychology

The subject matter of the social sciences largely consists of a controversy over definition and method. Escape is sought from this confusion by adopting for sociology and economics the methods and categories employed in the natural sciences themselves. This essay shows why this cannot be done. The conclusion is not mere hopelessness, however, as it is necessary that the question of objectives should occupy a large if not the main part of social discussion. The understanding, prediction and control of human behavior is an art, or rather the objective aspect of art as such. By Frank H. Knight. *The American Economic Review*, June, 1925, p. 247:19½.

### New Wage Policy Adopted by Labor

The American Federation of Labor at its convention has declared itself in favor of higher wages and shorter hours as production grows in the coming era of superpower. It is believed that wage reductions produce social unrest and that low

wages are not conducive to low production costs.

The elimination of waste in production is urged in order that selling prices may be lower and wages higher.

The Committee on Shorter Work Day recommended that it be the policy of the A. F. of L. to regard the eight hour day as a maximum and lesser hours the general rule in establishing agreements with employers. *The New York Times*, Oct. 14, 1925.

### Immigration Figures

Statistics reveal the fact that laborers are leaving this country faster than they are arriving. In the occupations classed as skilled, textile workers in general, tailors and shoemakers have high percentages of departures compared with arrivals. *Industrial News Survey*, Oct. 5, 1925.

### Scarcity and High Prices

Unemployment and production are closely related. Without the knowledge of economics the laborer sees the result of extra production resulting in unemployment. Increased production should lower prices, but the powers that be stop before they reach that point. The higher standard of living is to the advantage of capital, for it raises the purchasing power. Whether the present system is right or wrong, it should be forced to yield regular employment, good wages, and co-operation. By the Rt. Hon. J. R. Clynes, M.P. *Business Organization and Management*, October, 1925, p. 31:1½.

### Immigration According to Needs

The Committee on Immigration and Americanization of the Boston Chamber of Commerce advocates selection within quotas as an aid to scientific choice. The Chamber urges that preference be given so as to permit the admission of those skilled in the occupations in which there

is the greatest opportunity for securing work and those in which there is the least possibility of unemployment. *Industrial Relations: Bloomfield's Labor Digest*, Oct. 10, 1925.

### Controlling Absenteeism in Factories

With the introduction of a system of rewards instead of fines, it has been found that a better attitude is achieved with the great mass of employees. One of the rewards which has been found effective in the trade, is the payment of 10 per cent of one week's salary to any operative or office worker whose time record is perfect over a period of 60 days.

Another plan that has proved successful lies in the giving of a certificate allowing the employee 3 days' vacation with pay if he can show a perfect attendance record over a period of 90 days.

The docking and fining system is wrong not only in principle but it creates bad feeling among workers, whereas the earned reward has a positive effect in curing the evils. By E. J. Clary. *The Canadian Manufacturer*, Oct., 1925, p. 18:1½.

### Why Our Paymaster Knows Every Worker by Name

Every employee of the Novo Engine Company carries a numbered identification tag in order that the paymaster can tell at once what the man's work is. The employees are numbered according to a decimal classification system. For pay-roll and cost purposes the working force is divided into a number of small groups. This makes it easy to hire new men where they are needed, without confusion. The details of the decimal system are worked out in order to illustrate these points. By D. S. Greer. *Factory*, Oct., 1925, p. 568:1.

### What It Means to Fire a Man

The far reaching effect of being fired on the employee, the employer, and society in general is described by means of personal instances. The point is made that

not only selfish interests impel any business concern to avoid firing a man just as far as possible, but that larger interests are also involved. To fire a man is frequently an admission that the company is either unable or unwilling to make the analysis of its jobs and its men necessary to fit each man into the job where he can do his best work. Such a company is failing to build up its organization as it might. By A. J. Beatty. *Forbes*, Sept. 1, 1925, p. 727:3.

### Safe Trading in the Russian Markets

In spite of the Soviet Government, economic laws will force the individual merchant again into his place. Britain and other countries should make trading easier by sending catalogues and literature written in Russian. Their new gold currency is now being quoted in most of the leading capitals of the world. If the business and political powers of the nations co-operate, eventually, it is believed that Russia will be able to redeem her obligations.

We must remember the colossal sacrifices by which Russia saved Paris in 1914. Since the overthrow of her government, Russia has been through the same strain that France knew. It is only through our co-operation that she can make an agreement on which international credit, friendship and progress can be based. By Cyril Davies. *Business Organization and Management*, October, 1925, p. 15:2.

### Labor and Wages in Europe

A recent survey is presented of facts and conditions in half a dozen countries of Europe, as affecting labor and industry. The chief impression is that of the low scales of wages as tending to create an increased factor of international competition, especially with the United States. This is further emphasized by a relative degree of unemployment in two major countries, England and Germany.

On the other hand, the new after-war prevalence of the eight-hour day in Europe may operate to modify in terms

of productivity and low costs, this condition of low wages.

There are comparatively peaceful labor conditions in all the countries of Europe.

Labor is either eager for a job or glad to stick to it. By W. Irving Bullard. *Stone and Webster Journal*, Sept., 1925, p. 302:18½.

### Employee Service: Hygiene, Recreation, Lunch Rooms, Stores

#### Getting Safety Across to the Commercial Driver

A workable plan is outlined, based on experience, whereby the owner or operator of a fleet of motor or horse vehicles can bring about a decrease in the number and cost of accidents. The Fred T. Ley & Co. reduced accident frequency per truck by 92 per cent; one division of the Standard Oil Company decreased vehicular accidents 59 per cent in one year, and the Yellow Cab and Baggage Company reduced its cost per cab by 88 per cent in two years. These reductions were brought about by a combination of mechanical safeguarding, supervision and education. No. 69 of the Series of Safe Practices Pamphlets. *National Safety News*, Oct., 1925, p. 53:10.

#### Hostels

Firms which take an interest in the housing of their employees are on the increase. The municipal authorities have in a few instances risen to the occasion of themselves "taking in lodgers." One of the most up-to-date examples is provided by Manchester, where the Corporation runs two large hostels, one for men and one for women. The Corporation is anxious to encourage women and girls in permanent employment to make use of the hostel, and there are many extra concessions given to them. By C. U. Kerr. *Industrial Welfare*, Sept., 1925, p. 309:2.

#### Fire Prevention for Industrial Plants

The establishment of a private fire department is essential in any industrial plant, regardless of its size, as only by this means can employees be trained to handle the fire extinguishing appliances in an efficient manner. Suggestions are

given for the organization, drilling and equipment of private fire brigades. To get reasonable results from fire prevention education in the matter is essential. By George H. Greenfield. *Industrial Canada*, Oct., 1925, p. 50:4¼.

#### The Challenge of Increased Industrial Accidents

In connection with the agitation for increase of compensation insurance rates, there is talk about greater liberality of awards in such a way as to suggest that awards have become too liberal. There should be no fighting to reduce awards but employers should be helped to reduce accidents, as it is upon them that will depend how many accidents occur, and therefore how much compensation will cost. To make accident occurrence fall and not rise as employment rises with production, is the challenge to all industry. By James A. Hamilton. *American Labor Legislation Review*, Sept., 1925, p. 259:2.

#### It's Well to Fight Fires—But Better to Prevent Them

Statistics show that the majority of fires in factories occur in the first few hours after the workmen leave in the evening. This means that some one has been careless in the rush at quitting time. It is most essential that the night watchman should be a strong, active, intelligent trained man.

Does every employee in the plant know how to turn in an alarm? Where the fire-fighting equipment is kept? How to use it? Is one man in each department responsible for the equipment? Does the chief executive himself know just what common and special hazards exist in the



plant? Without the employer's efforts no important improvements can be made, but with them lives can be saved, factory production increased and a better morale established. By G. S. Goldwater. *American Mutual Magazine*, Sept., 1925, p. 1:4½.

### Report Cost of Industrial Plants' Health Service

One of the fundamental measures of health service in industry is its cost. This is gradually increasing. A survey made in 1924 shows that in 447 plants, employing over one million workers, an average of \$5.14 is the annual expenditure per employee. It varies from \$13.87 in mining to \$2.65 in department stores. Costs tend to decrease with an increase in the size of the establishment. Approximately 70 per cent of the financial outlay is expended in salary of physicians and nurses. However, the medical cost is a negligible factor in increased production costs amounting to about one-third of 1 per cent of the total pay roll. By Frank L. Rector. *The Nation's Health*, Oct., 1925, p. 665:2¼.

### The Value of Rest Periods

An outstanding example of the success of the rest period plan may be seen at the Pilgrim Steam Laundry. The shirt finishers were given rest periods of five minutes each hour and a half, morning and afternoon. They not only felt better, but production was increased. After this trial rest periods were put on the whole plant. Such a simple innovation will sometimes clear up labor difficulties, and make conditions entirely satisfactory. *The American Outlook*, Oct., 1925, p. 6:2¼.

### Safeguarding the Health of the Women in Industry

Women can no longer afford to be "delicate." The records of the Prudential Life Insurance Company of America show that regular business hours have no harm-

ful effects on the health or potential maternity of women. Of course the double burden of caring for a home and children, and also going to business is too much under any circumstances. Under the favorable conditions of reasonable hours, rest periods, hot lunches, recreational facilities, and medical care, as in the Prudential, the health of women workers is safeguarded. By Chester T. Brown. *The Nation's Health*, Sept., 1925, p. 626:1.

### The Country's Largest Company Store Operators

The United States Steel Corporation, through its various subsidiaries, have more company stores in operation than any other one organization. The object of these stores is to deliver merchandise to the employees at a fair price and not to squash competition of independent stores. These stores rank high in cleanliness, sanitation, equipment, and quality of merchandise. The community spirit, especially at Christmas, and the encouragement of gardening influence the home-life.

In most of the plants near large towns, the company does not have a store. In these places the employees organize their own stores. All of these stores are conducted by separate organized groups, thus attracting trained merchandise men for the managing positions. Based on an interview with Charles L. Close. *Commissary*, Oct., 1925, p. 7:3.

### A Woman Leads the Way

Mrs. Kate Mann manages one of California's largest department stores which is operated by the Red River Lumber Company at Westwood. This store has fifty-two departments and does an annual business of about two million dollars. They feature an annual fall opening. System in operation and efficiency in organization give every chance for prompt, efficient service. The employees show their high esteem for Mrs. Mann by choosing her president of the employees' club. By Louis Spilman. *Commissary*, Oct., 1925, p. 13:2.



### **The Chemist and His Contribution to Industrial Health**

A chemical knowledge of conditions is the working basis for the prevention of occupational disease. Knowing these conditions, the physician also knows what symptoms to watch for and how to prevent the development of disease. The em-

ployers want this protection. They are learning that occupational diseases are costing more than accidents. They find that co-operation with the chemical engineer and the industry's physician can do much to give this protection. By J. G. Cunningham. *The Nation's Health*, Sept., 1925, p. 599:3.

### **Training and Education: Schools, Libraries, Apprenticeship, Employee Publications, Bulletin Boards**

#### **Technical Education and the Electrical Manufacturing Industry**

This survey discloses to what extent the electrical manufacturing industry uses technically trained men, what positions these men hold, how the industry absorbs them, and what further training is provided for them; and to determine the kind of technical training in colleges which will better qualify their graduates for executive and administrative, as well as technical positions in the industry. Deductions are then drawn as to what is necessary to insure a closer relationship between technical education and industry. *National Industrial Conference Board, Inc.*, 1925. 11 pages.

fort and distraction to the workers. By James H. Collins. *Printers' Ink*, Oct. 1, 1925, p. 3:5½.

#### **Summary of Apprenticeship Practices**

A brief résumé of practices and methods now in use in certain foundries. The publication is considered as an emergency announcement of present average practices and methods, and may serve as a tentative guide for the immediate organization of some kind of foundry training. Examples are given of the training of foundry labor throughout the country. This is the second of a series dealing with this subject. By L. A. Hartley. *The National Founders' Association*. Chicago. 64 pages.

#### **Trade Extension School**

The students for the trade extension school of the Ohio Brass Company are chosen from the various departments throughout the factory. They attend the classes on company time and must be recommended by their foreman before being admitted. The apprentices in the tool and pattern departments must also attend the classes as a part of their contract. *The O-B Observer*, Sept., 1925.

#### **What Do Visitors See in Your Plant?**

It is pointed out that visitors to a manufacturing plant may be an asset or the reverse, according to circumstances. Various means are discussed which have been adopted for getting the greatest value out of factory visits with the least waste ef-

#### **What the Employees' Magazine Has Meant to Our Company**

Although no accurate measurement has been discovered whereby the benefits to be derived from the publication of employees' magazines can be determined, it is felt that as a whole they are rendering a real and lasting service to industry. In the case of Mead Co-operation, the employees' magazine published by the Mead Pulp and Paper Company, it has been shown that where men and management could meet on common ground, and where a means of disseminating information was provided, the conditions improved, and everyone has profited. This is especially true in regard to the reduction of plant accidents.

Among the activities which have been

discussed in the pages of this magazine are a vacation-with-pay plan, a stock purchase plan for employees, a pension system, employee representation, life insurance, free medical examinations, and plant cafeteria. By Ernest Augustus. *National Safety News*, Oct., 1925, p. 41:2.

### How to Keep Bright Boys in Industry

The New England industries are losing too large a number of bright boys. The cause seems to be that on completing the school course these boys are not immediately of much value to the industries, so they naturally drift into those lines of work for which the schools give preparation. The remedy is obvious: an education that will enable these boys to take responsible positions in the industries as soon as they reach maturity.

The athletic trainer and the musician have given most attention to the actual results of their training, therefore, it seems reasonable to turn to them for suggestions as to the best methods for training boys in industry. They both agree as to the importance of an early start and also insist on individual consideration. By A. W. Forbes. *Industry*, Oct. 10, 1925, p. 4:1.

### Foreman Training in Practice

The foreman's co-operation with the management is twofold. He should have a chart showing this vertical and horizontal relation: with the officers above and the workers below him and with the foremen who are his co-workers. Needs and ways of co-operation are given. Special mention is made of the co-operation with the welfare department. By J. K. Novins. *The Dodge Idea*, Sept., 1925, p. 12:2.

### Diversified Education Is Bridging Gap Between School and Industry

Vocational guidance and shopwork play an important part in the curriculum of the junior high school. Teachers are urged to visit industrial establishments and to take their pupils on tours of stores, offices and factories.

The Co-operative High School enables pupils to earn while learning. Pupils spend one week in school and one week in employment, education and industry being thus coordinated.

There are four vocational schools in New York City, and Brooklyn alone has four continuation schools. Thus is an effort being made to provide trained workers for industry. By I. David Cohen. *Brooklyn*, Oct. 10, 1925, p. 4:133.

### Benefit Systems and Incentives: *Group Insurance, Pensions, Vacations, Profit Sharing, Wage Plans, Suggestions, Stock Ownership*

#### This Wage-Making Plan Has Cut Our Office Costs for Three Years

The Office Manager of the Holeproof Hosiery Company describes their method of paying for satisfactory work produced. The Emerson scale was used to govern the premium payments, and results in the billing department have been remarkable. After the first week, gradual increases continued until now some of the operators have been able to average 70 bills an hour. Since corrections are made on the operator's own time, the quality of the work

has not been impaired. This method of payment was also successfully used for stenographers and dictaphone operators. By Paul T. Tobey. *System*, Oct., 1925, p. 405:3.

#### How Should We Pay Our Labor?

A discussion which shows why the day wage and piece work systems fail. On the other hand the merit system of compensation approaches the principle of "The scientific determination of the exact amount of work a man should do under

existing conditions and his rewards exactly in proportion to his accomplishments." This reward is also dependent upon the quality of work turned out. Time-saving and quality-improving innovations on the part of the workmen are encouraged and rewarded, so that the workman is just as much in business for himself as the small shop keeper. By Kenneth W. Dunwoody. *Brick and Clay Record*, Oct. 13, 1925, p. 558:1¼

#### "Incremental" Time-Wage Plan

An incremental-wage plan has been in successful operation by one employer for over a year. It is a plan by which a standard wage is established for each job on the payroll. The wages paid to each individual in each job classification are adjusted above or below the standard according to the respective merits of the employees. This plan provides a definite program of achievement for the employee in self-improvement, and in service improvement. It greatly encourages the high class men in the group who feel they deserve individual recognition in wages. It facilitates adjustments of the employer's payroll wage schedule to fluctuations in the cost of living index. It facilitates selection of men for promotion. As a wage system it has many of the incentive values of piece-rates.

Other subjects discussed are a thrift plan that works, and the unemployment problem. By Claude Ritchie. *Pacific Factory*, Sept., 1925, p. 23:3.

#### Profit-sharing Scheme

The Robert Simpson Company has recently carried to a further stage their program for giving their employees a share in the profits of the business. No employee may deposit more than 5 per cent of his wages, nor more than \$2 weekly. The company contributes annually 5 per cent of net earnings after payment of depreciation and interest. A stock ownership plan has also been put into effect whereby the officials and execu-

tives are given a more active participation in the company's affairs. *The Canadian Manufacturer*, Oct., 1925.

#### Profit Sharing Instead of Overtime Pay

The employees of James Pender & Company, Limited, a subsidiary of the British Empire Steel Corporation, are willing to work overtime without pay in order to permit the company to compete with foreign manufacturers in export markets. The provision is made that should any profits accrue from the export business under this arrangement, the men are to receive 75 per cent of the profits. They are to put in three extra hours every other evening. *The Canadian Manufacturer*, Oct., 1925.

#### Union Plans Novel Security Trust

A new investment proposal is that of the Photo Engravers International Union. Instead of entering into savings or stock purchasing plans of concerns for which they work, the members are to invest their spare funds in a Security Trust which aims to secure control or a substantial financial interest in a growing chain of engraving shops. The plan does not have in view owning and operating any shops. The majority believe that this investment by employees in the shops in which they work will help to standardize conditions, uphold sound relations, and offer extra incentives toward profit-making efficiency. *Industrial Relations: Bloomfield's Labor Digest*, Oct. 3, 1925.

#### Profit Sharing Experiences of Procter & Gamble

Every employee is eligible to permanent employment after having been a year in the service. He is eligible to the profit-sharing after an employment of six months. Any man or woman who has worked for twenty-five years will have received a sum, or its equivalent in stock or cash and stock dividends sufficient to have a competency for himself and his

family. The profit-sharing system, plus the guarantee of regular employment, automatically brings about these conditions. *Industrial Relations: Bloomfield's Labor Digest*, Oct. 10, 1925.

### "Welfare" Minus Paternalism

Col. Procter, of Procter and Gamble, argues that paternalism is not American. He has installed a system of profit-sharing and a guarantee of employment, as well as paying better wages than any similar plant in the locality. Beyond this he does not go. He thinks that his employees are competent to look after their own recreation. They do. They have an orchestra, a band, a choral society, and a baseball nine. Through three generations the plant loyalty has been unbroken; there has never been any dissension, much less a strike or shut-down. The employees have

every opportunity of advancement, and for a competency for old age. E. L. Hawes. *Management*, October, 1925, p. 29:5.

### Profit Sharing as a Bonus for Executives

A unique bonus plan for department chiefs and plant superintendents and their assistants has been worked out by a middle western lumber company, states the National Industrial Conference Board. The bonus is intended to reward personal efficiency, but only in the measure as the company's business is profitable. It does not consist of stock, but of a profit-sharing certificate entitling the holder to an income measured by the earning power of the company's common stock at that time. Seventy-three persons made up entirely of executives are at present participating. *Industry*, Oct. 17, 1925.

### Labor Relations: Collective Bargaining, Employee Representation, Arbitration.

#### When a Works Council Functions

The detailed operations of a works council plan of a Brooklyn manufacturer are described. One of the first questions to be discussed by the Council was that of the 44-hour work week. Other questions taken up concern ventilation and light, toilet conditions, accident prevention, vacations with pay, recreation, thrift and employee stock ownership. The extent to which industrial relations can be improved by this mechanism for mutual contact is clearly shown. *Law and Labor*, Oct., 1925, p. 261:3¼.

#### Interpreting Labor's Problems

In France the executives study the humane as well as the technical part of management. Every day the high French operating officials took the trouble to visit and talk with the German miners in the Saar Valley. In this country, the executives depend more on the foremen, or on spies who sometimes are watched by other spies. The foremen, however, are handi-

capped, and spies are spies. The suggestion box has been found helpful in some instances, if the employees have faith in it. The plant council or committee is useful where they have real influence, but in too many companies an unpleasant criticism costs the committee member his job or the chance of advancement. By Whiting Williams. *Management*, Oct., 1925, p. 42:3.

#### Upholsterers' Union to Try for Five-day Week

The forty-hour, five-day week was put forward as a goal for the organization to strive for and suggestions were made for the development of co-operative union shops, group insurance, labor banks and apprentice training. *Industrial Relations: Bloomfield's Labor Digest*, Sept. 26, 1925.

#### Rail Men at Labor College

The first Railway Labor Institute has concluded at Brookwood Labor College. The institute brought together members



and officers from the various railroad unions, discussing the subjects of railroad economics, government regulation, the history of railroad unions, union-management co-operation, sources of possible wage increases, and methods of negotiation. *Industrial Relations: Bloomfield's Labor Digest*, Sept. 26, 1925.

### The Negro in Industry

One-eighth of the workers in industry are colored men and women. Moreover, negroes are at work at all the principal trades, except one, in the largest cities in the country. In the building trades, where labor troubles are always present, the negro has shown surprising advancement. Employers must recognize that the only wise policy for negro workers to pursue now, is to affiliate with those trades that are organized, if they expect to work at them. By T. Arnold Hill. *American Federationist*, Oct., 1925, p. 915:5.

### Labor Conditions in the United States Better Than in 1924

Labor Day, 1925, found American working people prosperous, according to the U. S. Labor Department. Wages of women

in some instances during recent months show larger increases than those of men. In 42 of 52 important industries wages increased, while in nine they decreased, and in one stood still. Increases in wages over last year are shown in each of the nine divisions into which the country is divided. They range from one per cent in the Pacific States to 10 per cent in the East, North and Central States. *Industrial Relations: Bloomfield's Labor Digest*, Sept. 26, 1925.

### Beyond Unemployment Insurance—A New Trend

There is a novel provision in the adjustment machinery of the cloak and suit trade in New York City. Not only is there a contract in force between the manufacturer and the union, but also the jobbers who order the goods made are parties to the same arrangement. The issue is this and may soon come to a head: what factors in an industry beyond that of the employer can be asked or made to assume obligations in an industrial relations, in an employer-union arrangement? *Industrial Relations: Bloomfield's Labor Digest*, Oct. 3, 1925.

## SALES MANAGEMENT

### Reducing Selling Costs

Sales costs can be decreased by the following seven logical methods: increase of salesmen's territories; grading salesmen; judging salesmen—this does not always rest with the sales manager, but primarily with the dealers he calls on; saving time by increase of working hours; care of automobiles; elimination of unnecessary calls; substitution of quality calls for quantity calls; efficient management of salesmen. By Fred A. Schanno. *The Red Barrel*, Sept., 1925, p. 18:2.

### Concentrating for Profit

Through simplification and concentration the Regina Corporation, Rahway, N. J.,

has come from the hands of the receiver only three years ago to the highest credit. Forty-two articles then sold to the amount of \$370,000 annually, now one article totals \$5,000,000 a year. This is because handling the one kind of vacuum cleaner has speeded up production, simplified the problems of management, and intensified selling methods. By W. L. Desnoyers. *Management*, Oct., 1925, p. 33:3.

### The Retail Method of Inventory

The operation of the retail method involves three major steps. The first step consists in finding the total amount of merchandise handled during the period, both at cost and at retail. Step two consists of finding the total amount of deduc-



tions at retail. These are of two kinds—net sales and mark-downs. The third step consists of finding the retail book inventory by deducting the total retail deductions from the total inventory, plus additions at retail. It must be remembered, however, that the retail method is an average method. Address of Charles A. Hammarstrom. *The Jewelers' Circular*, Sept. 23, 1925, p. 213:22/3.

### For Our Master Plan

This discussion sets up budgets for purchases and sales, and shows how to estimate their effect and time of effect on the cash. Then in order to prove that these desired budgets will give the desired results an anticipated balance sheet is proposed. It shows the value of sales manuals in helping the sales managers work out their budgets. This system, as outlined, may be too complicated for some smaller firms, but any system of record keeping should be, not adopted, but adapted. By J. H. McDonald. *Business*, Oct., 1925, p. 18:2½.

### Reducing Delivery Costs by Carrying More Goods

The Wood Brook Farms have brought down delivery charges \$80 to \$100 a day by adding non-competitive articles to be marketed with its milk and cheese. They selected food-stuffs, such as honey, fruit,

eggs. These are carefully inspected and marketed under their own quality brand. By W. R. Hale. *Management*, Oct., 1925, p. 50:1.

### Gross Profit Grossly Misunderstood

Gross profit means one thing to the office manager, another to the store manager. The office may show a profit in a department where the store manager is harassed by slow turnover and depreciating value of a part of the stock. In other words, part of the stock is carrying the rest. Gross profit is the difference between the cost and selling prices of each article. Inventorying and crediting sales by departments, after the store has been thoroughly departmentized, will uncover many weak spots. By M. L. Richardson. *Commisary*, Oct., 1925, p. 10:1.

### The Problem of Distribution

The pressure of competition is making it continually more difficult for the wholesaler. The margin of profit is less and expenses have been constantly on the upward trend. The retailer has made more advances than the wholesaler in determining his sources of profit and loss. Therefore it is essential that the latter should take a new view and realize the necessity for analysis, research, and better cost accounting methods as they apply to his business. By A. C. Ernst. *The Red Barrel*, Sept. 15, 1925, p. 21:3.

### Sales Promotion: Letters, House Organs, Advertising

#### Lighting Is the Best Salesman for Retailer

In Chicago a test was made to determine the effect of lighting upon sales. The store chosen for this was equipped with a system which provided a level of illumination of five-foot candles. Modern equipment was installed to provide fifteen-foot candles. The old and new systems were used alternately, and everything which might vary sales was eliminated. When the test was completed it was found that sales had increased 29 per cent, and that

the number of sales per customer had increased 11 per cent. *Value-First Messenger*, Sept., 1925.

#### Unregistered Trade-Marks Are in Grave Danger

The tendency of the courts to interpret literally the act of 1905, regarding the registration and protection of corporate names, makes it possible for any company to incorporate a valuable unpatented trademark in its name. Then it is too late to register the mark. Neither the common

laws nor those against unfair competition avail. Dissimilar goods nor the length of time that the mark has been used have no effect on the legal decisions. Obviously these decisions go beyond the original intention of the act and may in time be modified, but, for the near future, they make the registration of trade-marks more important than ever before. Washington Bureau of *Printers' Ink*, Sept. 24, 1925, p. 10:2.

### Contests to Step Up Amount of Average Sales

The James Fisher Company, Toronto, plans a contest among its dealers on an article having a wide variation in prices. *Printers' Ink* points out the danger incurred by giving a prize on units rather than size of sales. The object of any contest among dealers is not profit for the manufacturer, but demonstration to the dealer of the value and profit of that line of goods. *Printers' Ink*, Oct. 8, 1925, p. 186:½.

### Making the Catalog Pay

The W. T. McFie Supply Company tries to make its catalog a house organ, stock list, and encyclopedia of products and trade practices rolled into one. There are illuminating articles which attempt to bring home the underlying ideas of trade practice. On every page, in a narrow column, is a paragraph presenting a pithy selling argument, a bit of pertinent information, or an interesting quotation.

The catalog of the A. M. Lockett and Company not only makes the engineer or superintendent familiar with the line of goods, but also materially aids the salesman in making sales. It is also a great time saver, as it takes only a few minutes to check up an item in the catalog.

The salesmen of the Riechman-Crosby Company add to the effectiveness of their catalog by getting the customers into the habit of using it by referring them to various figures and page numbers. *Industrial Merchandising*, Oct., 1925, p. 240:2.

### A Revised Sales Argument That Sold Every Prospect on the List

It was the hardest-to-sell product, and the toughest market; the best salesmanship and advertising made no impression; but an offer of service and co-operation did. The agent offered to carry the flour obligations for the retailer. Instead of tying up money in stock, the merchant could get any amount of flour from the manufacturer's warehouse in one hour. One of this selling group was a capable speaker and a good mixer. She met the club leaders of the women of the town and offered one dollar a barrel for their Society if they would sell the flour. They got busy, and of course their dealers had to handle the brand. By C. R. Ferrall. *Printers' Ink*, Oct. 8, 1925, p. 73:4½.

### Managing Ideas Win Dealer Co-operation

The difficulty of small stores is the one-man organization. One man is too busy to handle all phases of business, and these small stores appreciate real help in organization. After receiving practically no response on sales bulletins in their line, one manufacturer sent out sales articles that would work in any line. They dealt with following up sales, the cost of selling small single items, how to interest the customer in another item. These indirect sales talks won the busy retailer's respect and gratitude, moreover they convinced him that that special brand was the best on the market. By C. C. Casey. *Printers' Ink*, Sept. 24, 1925, p. 105:5.

### Why I Won't Permit Manufacturers to Work With My Salesmen

Subsidies for the sales force and working along with specialty men, although it seems to net them a little extra money, really divides their time, efforts, loyalty, and really decreases the jobbers profit and their own.

He has decided that the allowances from the manufacturers actually come from his pocket, that manufacturers who have to offer bonuses are not up to the mark in

quality, service, list price, or more often in consumers' demand, and that, consequently, his men are used as advertising agents for unknown goods, and often loaded up with unsaleable merchandise.

As to his salesmen carrying specialty men with them, he finds that his customers resent having extra salesmen forced on them, that his men lose more time than the taxi fee is worth.

With the undivided loyalty and effort that comes from sticking to one line, he is able to know what each salesman can and does do, to reward each accordingly, to have no unsaleable fly-killer or common stock on hand, and to make a decent profit himself. By a Jobber. *Printers' Ink*, Sept. 24, 1925, p. 17:4.

#### Should Research Be Charged to Sales Expense?

This may be a matter of accounting or selling. Research, as well as servicing, production, and sales, can be foreseen and should be planned for in the budget. The name of the account is a matter for the accountant, but his yearly statement must tell a true story. Primarily salesmanship is selling goods, and not conducting re-

search. Hence, research usually is charged to production, service, engineering, or advertising. When, however, a large scope of investigation is necessary, the selling field is best; and in order to insure that the research will be done by the sales department, it may be charged to sales expense. *Printers' Ink*, Sept. 24, 1925, p. 57:2.

#### Nothing Takes the Place of Footwork

J. A. Lee, Sales Manager of the Fleischmann Company, says that quality and service are their two most important assets.

Through constant contact his salesmen find ways for their service department to help the retailers in production or marketing. He stresses the importance of helping the new small prospect develop his advertising and organization. Footwork and personal interviews are more effective than letters for either a salesman or a manager. In case of fire, blizzard, or earthquake, men are sent out on foot to deliver supplies. In Mr. Lee's opinion nothing will ever take the place of footwork. By Roy Dickinson. *Printers' Ink*, Sept. 24, 1925, p. 137:4.

#### Salesmen: Selection, Training, Compensation

##### A Company That Teaches Salesmen to Route Themselves

The Toledo Scale Company not only is advocating that its salesmen route themselves but is encouraging them to do so. The work is still in its infant stages, and the processes of its accomplishment are outlined in this article. The plan provides for routing the territory, for canvassing the route, and for circularizing the merchant before and after the canvass. In addition the company is also backing the salesmen with a thorough direct-mail campaign. By Thomas F. Walsh. *Printers' Ink Monthly*, Oct., 1925, p. 29:2½.

##### Listening In on Business

Eight large companies are sending a

successful sales research man to study conditions in Europe and South America, so that he can advise his clients on the usual mistakes in trade methods and ways of improvement.

Statistics show that small cotton and woolen textile plants are getting more than their share of profit. They are more efficient and more economical. Moreover, they give their customers more personal attention. By Harold P. Gould. *Management*, Oct., 1925, p. 46:2.

##### Give Your Second-String Salesmen a Chance

The Star Salesman, though spectacular, is temperamental, looking for new worlds from which to skim the cream. This article shows the cost of the star salesman

and the cost of losing the second-string men, who individually do less but as a group are the backbone of the sales force. The plodding, loyal, average salesman needs encouragement and his share of recognition. By C. C. Casey. *Printers' Ink*, Oct. 15, 1925, p. 73:4.

#### Don't Permit Clerks to Douse Cold Water on Sales

The education of the sales and advertising departments in the factory are not enough. The educational plan must be carried through to the end. The retail sales girl usually knows nothing of the selling qualities of any article. Where this information has been given, in the thread or ready-to-wear department of J. L. B. Brandeis & Sons, Omaha, for instance, it has in some cases increased the sales 200 per cent. Selling the jobber and the retail store is part of the job, but selling the individual retail customer is the sale that counts. The retail seller must be educated to the job. By Hall Johnson. *Printers' Ink*, Oct. 8, 1925, p. 65:2.

#### Schedule to Follow in Training Salesmen

The Committee on Training of Salesmen of the National Machine Tool Builders' Association has recommended that each member of the association adopt a course of training which will include as nearly as possible the development of: sales ability, knowledge of product, personality, familiarity with company's policies, and familiarity with finance. An analysis of the details of these principles is given. *Iron Age*, Oct. 8, 1925, p. 959:½.

#### Salesmanship

##### The Professional Salesman Who Can "Sell Anything"

The territory was about to be given up. Salesmen of the usual type failed, finally a high-priced man with a real sales record tried and quit. It was not worth an immense advertising campaign. One of the

shipping clerks asked for the territory. The firm took it as a joke, but gave him the chance on his usual salary of \$75 a month.

The clerk knew that he was no salesman, that he could not spell-bind a man into an order; but he did know his line, and he knew the shipping force of his firm and how to work with them for service to his customers; he could give reasons for buying and selling certain articles at a certain profit; he had a fellow feeling with the clerks, he could help them with displays; he was honest, likeable, and industrious.

He never became a salesman in the usual meaning of the word, but he gave information, loyalty, and service. Now, he is paid about \$25,000 a year to take care of his trade. Perhaps *real* salesmanship comes from the *real* desire to serve, and teach and labor. By Jesse Calvin. *Printers' Ink*, Oct. 8, 1925, p. 28:3.

#### Market Research and the New Article

Just push and energy will not necessarily sell an article. Market research is necessary before the campaign. To foresee the results, one must ascertain whether the field needs that kind of article, what it has like it, at what price, whether patented, and whether the new article has any special advantage in price, or a novel aspect. After studying the territory, the most promising field should be used for a try-out. This may show the need of revision in form, price, or make-up. After several tests, percentages can be figured on the cost of selling. The average cost of selling then becomes the key to the whole situation. By John Penley Longstaff. *Business Organization and Management*, Oct., 1925, p. 23:2.

#### We Investigated 1,500 Cases and Found 850 Infringers

The Schoenhofer Company, manufacturers of the drink, Green River, found they were losing sales and believed it was due to substitutes for their drink. They sent out investigators, usually college students, to get samples for testing. If the retailer had been tricked, they tried



to show him that volume sales from the real stuff would be to his advantage. In one or two cases they replaced the substitute free of charge. When necessary they went to court, and these cases were advertised in all the trade papers. Seeking an injunction, however, was the last resort, for they sought sales rather than enemies. By Peter S. Theuer. *Printers' Ink*, Oct. 15, 1925, p. 17:4.

#### **We Got Dealers to Sell Away From Their Doorsteps**

Motorcycles have not sold so well in the past because the public feared them and knew little about them. When the Indian Motorcycle Company brought out the new light-weight Indian Prince, they decided that they would overcome these difficulties and show the dealers. So in November they took their sales force and the Prince South. The ease in control, the difference in the new machine, the outing costume of salesmen, and the personal service feature of the light Prince were the main selling points. The sales force covered the whole town, showed the motorcycle at schools, factories, tennis courts, invited prospects to run it and they got results. They showed the dealers; now some dealers, by personal canvassing and demonstration, have increased their sales 200 per cent. By J. B. McNaughton. *Printers' Ink*, Oct. 8, 1925, p. 17:3½.

#### **Meeting the Price Argument for "Orphan" Goods**

The material and factory inspection of a dependable quality product, with the name and reputation of a reliable manufacturer behind it, makes that product the cheapest. "Orphan" goods have no reputation for quality or wear. They are sold on the price appeal, but they are not the cheapest. *Printers' Ink*, Oct. 8, 1925, p. 114:1½.

#### **Research and Experiment**

##### **The Handwriting on the Wall**

Industrial developments along new lines are in progress everywhere, and they call

upon the chemical engineer for new methods of production and control. American manufacturers must be made to understand that we are in the midst of an industrial revolution and that management must learn to direct its course in the flood of new knowledge pouring from the laboratories. The only protection against research is more research; the investor must be taught to appreciate the perils which confront those companies which ignore it. Address by Arthur D. Little. *Brick and Clay Record*, Oct. 13, 1925, p. 564:1¾.

#### **The Application of Chemistry to Industry**

Rapid changes are taking place in business today, and any industry may find itself outclassed if it does not keep abreast of modern scientific development. It is very essential that research departments should be established in manufacturing plants in order to investigate the many problems which arise. Other ways in which a manufacturer can arrange for research work are: Employment of consulting chemical organizations. 2. Employment of research institutes endowed by private or government funds. By J. R. Donald. *Industrial Canada*, Oct., 1925, p. 57:2.

#### **Labor Takes a Leaf From Business**

Labor is changing from intangible to tangible commodities. Instead of selling ideas and ideals, it is now in banking, insurance, coal and bricks, farm-marketing, and many other lines of business. To compete successfully, it must advertise and sell in the same field and by the same methods that capital uses. For instance, in five years forty strong labor banks have developed.

That is not all. The American Federation of Labor is after the facts. They have outlined a huge research program to find out the why and how of the great industrial and social problems. By Chester M. Wright. *Printers' Ink*, Oct. 15, 1925, p. 10:2.



## Books Received

**Scientific Management Since Taylor.** Edited by Edward Eyre Hunt. McGraw-Hill Book Co., N. Y., 1924. 256 pages. \$3.00.

**Trade Associations: Their Economic Significance and Legal Status.** National Industrial Conference Board, N. Y., 1925. 378 pages. \$3.00.

**Fundamentals of Business Organization.** By Webster Robinson, Ph.D. McGraw-Hill Book Co., N. Y., 1925. 222 pages. \$2.50.

**The Inter-Ally Debts and the United States.** National Industrial Conference Board, Inc., N. Y., 1925. 290 pages. \$2.50.

**Wages and the Family.** By Paul H. Douglas. University of Chicago Press, Chicago, 1925. 281 pages. \$3.00.

**Consignments, Account Sales and Accounts Current.** By E. J. Hammond. Sir Isaac Pitman and Sons, N. Y., 1924. 150 pages. \$1.50.

**Our Competitors and Markets.** By Arnold W. Lahee. Henry Holt & Co., N. Y., 1924. 413 pages. \$4.00.

**Increased Production.** By E. Lipson, M.A. Oxford University Press, N. Y., 71 pages. 85c.

**Modern Finance.** Emile Burns. Oxford University Press, N. Y. 64 pages. \$1.00.

**The Modern Trust Company.** By Franklin B. Kirkbride, J. E. Sterrett and H. Parker Willis. Macmillan, N. Y., 1925. 542 pages. \$6.00.

**Welfare Work in Industry.** By Eleanor T. Kelly. Sir Isaac Pitman & Sons, Ltd., N. Y., 1925. 116 pages. 5 shillings.

**Shop and Office Forms, Their Design and Use.** By Wallace Clark. McGraw-Hill, N. Y., 1925. 134 pages. \$2.50.

**Common Stocks as Long Term Investments.** By Edgar Lawrence Smith. Macmillan, N. Y., 1925. 129 pages. \$1.50.

**Central American Currency and Finance.** By John Parke Young. Princeton University Press, Princeton, N. J., 1925. 254 pages. \$2.50.

**Business Forecasting.** By Joseph M. Gillman. University of Pittsburgh, Pittsburgh, Pa., 1925. 24 pages.

**Practice of Workmen's Compensation Insurance.** By Saul B. Ackerman. The Spectator Co., N. Y., 1925. 191 pages. \$4.00.

**What the Coal Commission Found.** Edited by Edward Eyre Hunt, F. G. Tryon and Joseph H. Willits. Williams & Wilkins Co., Baltimore, August, 1925. 411 pages. \$5.00.

STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912.

of *American Management Review*, published monthly at New York, N. Y., for October 1, 1925.

State of New York, } ss.:  
County of New York, }

Before me, a Notary Public in and for the State and county aforesaid, personally appeared Edith M. King, who, having been duly sworn according to law, deposes and says that she is the Editor of the *American Management Review* and that the following is, to the best of her knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 411, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are:

Publisher—American Management Association, 20 Vesey Street, New York City.

Editor—Edith M. King, 20 Vesey Street, New York City.

Managing Editor—Edith M. King, 20 Vesey Street, New York City.

Business Manager—W. J. Donald, 20 Vesey Street, New York City.

2. That the owner is: (If the publication is owned by an individual his name and address, or if owned by more than one individual the name and address of each, should be given below; if the publication is owned by a corporation the name of the corporation and the names and addresses of the stockholders owning or holding one per cent or more of the total amount of stock should be given.)

American Management Association, 20 Vesey Street, New York City.

Sam A. Lewisoohn, President, 61 Broadway, New York, N. Y.

H. B. Bergen, Treasurer, 60 Wall Street, New York, N. Y.

W. J. Donald, Secretary, 20 Vesey Street, New York, N. Y.

3. That the known bondholders, mortgagees, and other security holders owning or holding one per cent or more of total amount of bonds, mortgages, or other securities are: (If there are none, so state.) None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and

conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

5. That the average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the six months preceding the date shown above is required from daily publications only.

EDITH M. KING,

Editor.

Sworn to and subscribed before me this 20th day of October, 1925.

(Seal)

HELEN B. STEINIGER.

(My commission expires March 30, 1927.)

## Survey of Books for Executives

**Effective Sales Letters.** By J. Harold Herd. Philip Allan & Co., London, 1925. 447 pages. \$5.00.

A book brimful of sound advice and common sense suggestions on business correspondence. It might well be called "Effective Business Letters" rather than "Effective Sales Letters" and the writer has not confined himself to a discussion of sales letters alone.

The profit that the reader can derive depends, of course, upon the knowledge he already has of the subject.

There is little new in the book and it would be considered elementary by many well trained correspondents and executives. Judging, however, from the average quality of correspondence one receives in his daily mail there are a vast number of business people who can spend their time very profitably in the perusal of its contents.

The preparation of business and technical books cannot be referred to as authorship. It is purely and simply a manufacturing job. The merit of such work lies only in its completeness, the writer's method of presentation and his ability to express his thoughts clearly and concisely.

Looking at "Effective Sales Letters"

from each of these standpoints there is little to criticize. Mr. Herd has covered the fundamentals of letter writing thoroughly. He begins at the beginning and develops the various phases of his subject in logical sequence. His style is simple, direct and concise.

Although the writer is an Englishman, and his work written primarily for the guidance of English business, there is little conflict with American practice. Many of the specimen letters are excellent, though no doubt would be criticized by many American go-getters as too conservative for American usage.

It is gratifying to note that some space at least is devoted to a discussion of appropriate settings for letters in the quality of paper and printing used. The book could have been improved by an elaboration of this subject, for it is one that is all too often given scant consideration but has much to do with the effectiveness of a mailing.

The difference between the cost of the best quality of paper and lithographing or embossing and poor quality paper and printing is so slight in proportion to the total cost of a mailing that it is false economy in most instances to try to cut costs by using inferior paper and poor

printing. The favorable effect of an excellently worded letter is greatly reduced if a harmonious background is not selected.

This book will constitute a valuable addition to any business library and cannot be too highly recommended for use as a text book in business schools.

W. M. STONE, *Director,*  
*Sales Education,*  
*The Todd Company.*

**Public Ownership.** By Carl D. Thompson, M. A. Thomas Y. Crowell Company, New York, 1925. 435 pages. \$3.00.

In these days of tax cuts and a free hand in business, when political sorties from Washington are in the main, frowned upon by a sound-thinking administration, we are just a bit distraught over the appearance of a book so utterly heedless of the times. It is an anachronism pure and simple. There is a certain reserve and an air of superficial tolerance, however, which distinguishes the work from the mass of professional reform. Perhaps the more insidious for this very dignity and constraint, we are at once impelled to give the matter a searching examination.

Introductory chapters, in which the author presents a mere inventory of cases of public ownership, do not delve into the real controversy. We are not so much concerned with these deliberate irrelevancies—with the government or city-owned highways, bridges, parks or even water works—for the most part these have always been public properties and it matters little so long as they are adequately maintained. It is just another one of Mr. Thompson's artful devices to befuddle the issue. He has amassed a great volume of fugitive material, much of which is undeniably authoritative, but from which he has stricken, without exception, such portions as do not uphold his contentions.

Our particular case against the contribution, however, is not in the distortion of fact so much as in the skillful misinterpretation of fundamentals. For instance, he makes no point of the fact,

which indeed he must well know, that the utilities are under state and interstate as well as municipal regulation and that through this regulation rates are fixed by public authority. Conditions of service, the issuance of securities and even the right of the utility to do business at all, is definitely determined by these supervising bodies. At no point has the author manifested the slightest disposition to explain why, if public regulation has failed, could it be expected that public ownership would succeed. Is it possible that a new race of utility operators, possessing the highly technical and managerial qualifications necessary, would automatically come into being to devote their lives unselfishly to the interests of the people without thought of self-aggrandizement and profit?

Stating in the introduction to the volume that he does not propose to concern himself with socialistic theory but that he will confine himself to a mere recitation of the facts with regard to public ownership, we are somehow quite unprepared for Mr. Thompson's facile and exasperating habit of evading issues. We have no grievance against pure, ungarbled idealism but we cannot condone scheming omissions and misrepresentations, clothed in a style which is instantly commanding and extraordinarily effective in disguising inaccuracies.

At the very outset, we encounter an opinion of Mr. Thompson's which is so manifestly unwarranted as to create a very persistent and irritating prejudice. This feeling is occasioned by his wholly indefensible criticism of the National Association of Railway and Utility Commissioners for having declared that "Public ownership had failed wherever it had been properly tested." It is sufficient to point out in this regard that we do not have a more clear-sighted and responsible group of men in the country than this body of experts, the members of which, it must be remembered, are chosen by reason of their absolute detachment from the utility companies both with respect to office-holding and the possession of securities—in a word—for their strict impartiality. This fact

being generally known, the author's defamatory gesture seems to lose some of its persuasiveness.

Pointing a disdainful finger at the grasping ogres of private capital, the author stirs the unsuspecting reader to a great fury of resentment against the conscienceless utilities and the thieving railroads of the country. Strangely though, the everyday experiences of his audience with these terrifying monsters do not seem to bear out the imputation. It is perfectly apparent without investigating Mr. Thompson's business experience that he does not speak with convincing authority. Inferences employed, when actual facts are not at hand, obviously will not stand inspection.

Should we be willing, however, to agree with Mr. Thompson that collectivism is preferable to individualism we think it would be exceedingly difficult to explain just why labor has not subscribed to the cause. Higher wages to employees, he says, are by no means the smallest inducement to public ownership and trade unionism we are told, both here and abroad, has repeatedly declared for nationalization.

As a matter of fact, few instances of either municipal or government ownership can show satisfactory solution of the wage problem and as far as the American Federation of Labor and allied organizations are concerned, the recognized popularity of the late President Gompers, an ardent foe of political interference, will effectively disqualify the statement that labor is clamoring for public ownership.

Contrary to our expectations, Mr. Thompson concludes that "there is no tendency to rush headlong into public ownership." Each case will be decided on its own merits, he says, and only when it can be shown that successful operation can best be achieved through public ownership will private properties be acquired by the public. We will not endeavor to dispute the matter, yet we cannot help but feel that agitation of this sort will not stop with the nationalization of public utilities and railroads, but is ready to

carry the fight to virtually every private undertaking of our people.

H. W. OLCOTT, JR.,

*Illinois Committee on Public Information*

**Skill—In Relation to Production.** By L. A. Legros, M.T.M.E. British Section S. I. C. F., London. 24 pages.

The Presidential address, presented by Mr. Legros before the British Section of the Société des Ingenieurs Civils de France, is significant both in what it says and in its implications.

That the President of an honored and conservative body of engineers should make the subject of such an address "Skill" is indicative of the importance of the subject to both France and British engineers.

The address covers twenty-four pages, the material being grouped under headings, such as "Standardization," "Monotony," "Mass Production." There are about half a dozen paragraphs to each heading. There is no attempt made to articulate the sections carefully. There is a certain continuity, but each section could be profitably read by itself. Each considers some phase of industry related to skill and comes to a conclusion that has a bearing on its effects on production.

The paper starts with an attempt to define skill and to show both its complexity and the necessity of knowing just what is meant when it is discussed. Then follows a sketch of skilled workers in industry of the past; of how interchangeability and standardization and the development of machinery affected such skill; and an enumeration of situations in present day industry where skill is still necessary, such as in "Diagnoses of Breakdowns."

At this point the paper takes up the economic aspects—"Speed in Production," "The Black Hand in Industry," "The Fair Day's Work," and "Repair Work and Unrest."

Next come the psychological aspects—"Nervousness of the Highly Skilled,"



"Monotony," and "Free Trade in Ability." An excellent phrase!

The remainder of the paper again stresses the economic features, the benefits of "Mass Production," "Vested Interests of Labor," "The Strike as a Weapon," "The Remuneration of Skill," "The Future of Labor," etc. The conclusion outlines the need for grading skill, for making it "a free factor in education for all," and for paying for it fairly, that "there may be a real hope of industrial peace."

No short review can give an idea of the interest of the paper and the charm of the presentation. There is little claim to novelty. The paper describes what exists, and stresses the significant. It seems designed to show both the engineering profession and labor what will come, if the past and present develop into the future without careful thought and planned action.

It is new and valuable to hear the economic and psychological sides of the skill problems discussed by an engineer with an engineer's vocabulary and illustrations, yet non-technically and with the thought of the consumer as well as the producer in mind.

The style is unusual in such a paper. Crisp sentences that say things in such a way that they will be readily remembered, like "Standardization is essentially a question of limits based on necessity" and "It is in the word 'efficiently' that lies the key to the problem of the use of the automatic."

References to Omar Khayyam, Tom Jones and even Romeo and Juliet appear along with those to Nasmyth and the Industrial Fatigue Research Board and a paragraph like this,—*"The skilled manual worker can soon detect ignorance of all that goes to the making of skill in any person with whom he is brought into contact; and he can do this very much more rapidly in the environment to which he is accustomed. The direction in which a*

visitor to a factory looks, the objects to which he turns his attention, tell at once whether he is accustomed to the interior of a workshop. The way in which he takes hold of specimens of work handed to him to examine shows more clearly to the eye than accent does to the ear whether the visitor is a stranger to the surroundings; but let the visitor take up a tool or touch part of a machine and his nakedness is at once exposed, it is as though he had not an 'h' in his vocabulary that he could fail to misplace, or an infinitive that might escape without splitting."

The writer's appreciation of Motion Study and of Fatigue Study is outspoken, and he used the American names—not British adaptations which do not always mean the same thing. Our findings do not substantiate his belief that it is usual for the highly skilled in hand work to be nervous at high speed, but do agree with his feeling that the existence of monotony is greatly overstressed, since it is not found in many types of work or affecting many workers, and seldom, if ever, among those who have learned the work so young that it has reached the stage of automaticity.

The paper presents not only a picture of British Industrial conditions, as they affect skilled labor—interesting to us as well as to the French and British for whom it was written—but a real contribution to Skill Study, from the standpoint of the engineer and economist.

LILLIAN M. GILBRETH, *President,*  
Frank B. Gilbreth, *Inc.*

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**Principles of Business Writing.** By T. H. Bailey Whipple. The Westinghouse Technical Night School Press, East Pittsburgh, Pa. pp. 1-182.

This volume is primarily a textbook for the use of company correspondents in the Westinghouse Electric and Manufacturing Company, but the material found therein has been used in a number of schools of technology and other leading colleges.



It contains some very interesting sections on Principles of Business Letter Writing, Report Writing, Suggestions to Authors of Technical Papers, etc. Most unusual of all are sections dealing with typical letter writing problems under the captions, Publicity, Industrial Management, Sales Promotion, Complaint, Sales Assistance, and Commercial Policy.

W. J. DONALD

**Budget Control—What It Does and How To Do It.** Ernst & Ernst, New York, 1925. 30 pages.

A book of thirty pages "prepared and published in the interest of better business" discusses the application of the budget idea to business. The discussion is brief and it should be of particular value to the chief executive who desires to acquaint himself with the implications of the budget principle and study it as a means to better management of his business.

The book states at the outset that "the budget in business is a plan for co-ordinating and directing all forces toward the attainment of a definite objective. It estimates in advance the factors of time, volume, and value necessary to produce a definite amount of sales in a given period. It forecasts production, income, expenditures, financing, profit, and financial position."

After pointing out fourteen ways in which a well planned and ably directed budget benefits business, it discusses "the Master Budget, Sales Budget, Production and Purchase Budget, Expense Budget, Plant Addition and Plant Change Budget, and the Cash Budget."

On the whole, the book impressed the writer as a valuable contribution to progress and one that should be useful either to the man considering the adoption of budgetary control or the man who has it in effect and is seeking material to assist in the solution of some of his problems.

The reviewer has one comment to offer on the approach of this book to the subject of Budget Control. To me it seems to deal with the problem from an accounting point of view. I doubt that this results in a sufficient differentiation between a program and a budget to meet the needs of medium and large size business enterprises. For such organizations, the writer expects the time to come when definite statements of objectives are drawn up for particular periods to take account of the factors of location, commodity, and volume, as well as those of time and value. This form of presentation should facilitate the assignment of work and serve as the basis for a budget which would prescribe the financial limits within which the work is to be done. Therefore, the emphasis for program purposes would be on (1) commodity, (2) volume, (3) location, (4) time, and (5) value, and to some extent in the order named. For budget purposes, the emphasis might be on (1) department, (2) values, and (3) time, with (4) commodity and (5) location treated more incidentally.

The term "budget" is often used loosely and generally implies that it represents the program of an organization when, in fact, it but prescribes the financial limits within which the program is to be executed. Something additional seems necessary, particularly in medium or large size organizations. A definite program in terms of work that is clear to the entire junior executive personnel, and, in some cases, to the actual workmen might be formulated to the advantage and profit of the business in question. When this is done, many of the difficulties which now increase steadily as the size of the organization increases should be met and surmounted. The division of responsibility, the ordering of work done, and the accomplishment of results within predetermined limits should be very much easier. In brief, I hope for a complete estimate of work to be done, drawn up scientifically and with emphasis on its management aspect. This, in turn, should be supported by the finan-

cial instrument which I think of as the budget and which forecasts the income and expenditures necessary to carry out the program.

The financial man or accountant who has been called upon to prepare a budget and introduce budgetary control into an organization knows the difficulty of finding a definite program to serve as the starting point in building the budget. The program of the average enterprise is still buried in the head of the president or some other executive, and it is seldom the practice to reduce it to a carefully ordered statement of work to be done. The result is that many budgets are projections of past financial experience, and the values in the method of building up a program from individual projects carefully arranged are not realized.

These comments imply no quarrel with the limited but admirable work done in establishing budgetary control in American industry; they imply no quarrel with the book here under review. The aim is simply to raise the question as to whether further improvement cannot be effected and every possible value extracted from the idea.

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**Health Maintenance in Industry.** By J. D. Hackett. A. W. Shaw, Chicago, 1925. 477 pages. \$5.00.

The developments in the field of Industrial Health during the past ten years have been very rapid. Today industry recognizes the value and necessity of conserving its human power as well as its mechanical power. With this recognition comes the need of information as to proper and desirable health activities to be instituted, organized and administered to bring about this result.

Mr. Hackett has presented a volume which discusses this subject in a very compact and concise manner. It is intended primarily for the plant manager and technical medical terms are avoided accord-

ingly. It is not academic; it is practical. Each chapter is sub-headed in a way which directs attention to the salient points, thus conserving the time of the busy executive seeking information.

The book starts with two chapters which discuss industrial hygiene and industrial mortality and morbidity in a broad way. Then very logically organization features are considered, such as its place in the plant, team-work with other departments, the medical staff and the emergency hospital. The method of developing health service in the moderate sized and small industrial plant might have received more attention, for it is in this field that the greatest need prevails at the present time. The total number of employees in these smaller factories far exceeds the employee population of the large industries.

The medical needs are discussed as a group. The subjects considered include medical service and treatment, mental hygiene, physical examinations and occupational diseases.

The summary of mental conditions insofar as they present problems to the industrial manager, is very timely. Industry is noting more and more the close relation of the physical condition of the worker to his mental attitude.

Measures to be followed in surgical and first aid treatment, accident prevention and workmen's compensation are discussed under the title of The Surgical Department.

Proper ventilation, heating and lighting have a direct bearing upon quality and output of production. Industrial managers would do well to read the three chapters devoted to these subjects.

The book closes with a discussion of those sanitary features, which are accepted today as necessary to maintain a good working environment. These subjects include toilet facilities, wash rooms, lockers, cleaning and drinking water.

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